

**THE RHODE ISLAND CONVENTION CENTER AUTHORITY
MEETING OF THE
AUDIT COMMITTEE**

September

27,

2011

A meeting of the Audit Committee of the Rhode Island Convention Center Authority (hereinafter referred to as “Authority”, the “CCA” or the “Board”) was held on September 27, 2011 pursuant to notice, at the Rhode Island Convention Center Boardroom, One Sabin Street, Providence, Rhode Island.

Board members present were Committee Chairman, Jeffrey Hirsh, Commissioners, Dale Venturini, James Bennett, Scott Gunn, Letitia Carter and Patrick Butler.

Also in attendance were Jim McCarvill, Betty Sullivan and Donald Nadeau, RICCA; Tim Muldoon and Nancy Beauchamp, RICC; Larry Lepore, Hank Abate and Bob Cappalli, DDC; Susan Johnson, Michael Crawley and Lauren Florio; LGC&D; Steve Habi, VETS; Bruce Leach, Legal Counsel and Eileen Smith, recording secretary.

Mr. Hirsh called the meeting to order at 2:13 p.m.

Mr. Hirsh asked for a motion to approve the minutes of the August Audit Committee meeting. Upon a motion duly made by Mr. Bennett

and seconded by Ms. Venturini it was unanimously

VOTED: To approve the minutes of the August Audit Committee meeting.

Mr. Hirsh reported that for the second year in a row there were no audit adjustments. He asked Ms. Johnson, Mr. Crawley and Ms. Florio to address the committee. Ms. Johnson began a Power Point presentation. Ms. Johnson stated that LGC&D had issued a clean opinion on the financial statements but emphasized the Authority's dependency on annual appropriations from the State for debt service.

Ms. Johnson stated that no material weaknesses of significant deficiencies were found. Michael Crawley continued the presentation with an overview of the Authority's net assets. Mr. Crawley presented that Statement of Revenues, Expenses and Changes in Net Asset Deficiency Overview. Mr. Gunn asked Ms. Johnson to explain the employee cost increase. Ms. Johnson explained that over the past few years we have been able to capitalize some of the employee costs due to the construction. Mr. Crawley reported on operating income (loss) by division and the Statement of Cash Flows. Lauren Florio presented the internal control overview. She explained that internal control over cash and investments was to ensure funds are used for appropriate expenses, bonds payable are in compliance with applicable resolutions, revenues such as event, parking, food & beverage are accounted for to deter and detect potential theft. Ms. Johnson reported that the Authority waived audit adjustments that

were determined to be immaterial. Ms. Johnson said that the Authority's change in net asset deficiency is understated by \$185 K and when added to last year's net asset deficiency understated by \$223 K. Ms. Johnson stated that there are no changes in significant accounting policies. She also noted that the audit team reviewed major areas and no material issues were noted. Ms. Johnson said that four adjustments were made to the original trial balance requested by the Authority.

Discussions ensued regarding Debt Service and Renewal & Replacement. Ms. Johnson explained that in the Authority's original bonding there was a provision requiring the State to fund renewal & replacement. She said that is no longer the case. Mr. McCarvill explained that while refunding the bonds that provision was eliminated. Ms. Venturini asked the ramifications. Mr. McCarvill said that the Convention Center will require major repairs in the near future to keep the building operating efficiently and looking good. Mr. Bennett recalled that when we owned the Hotel the State did fund our renewal & replacement. Mr. McCarvill said that the provision went away with refunding and was not noticed by our bond counsel and financial advisors. Mr. Bennett asked if there is an opportunity to refinance. Mr. McCarvill said that he has been in contact with Maureen Gurghigian and asked her to research opportunities. Mr. McCarvill discussed debt service reserve and operating reserve and said that we need cash. Mr. Bennett asked if we have a place to put cash in the event that things turn around. Ms. Johnson suggested

that it should be put into long range capitol improvements.

Mr. Crawley asked if there were any more questions or comments. He thanked Ms. Sullivan and the accounting staffs for their hard work and their help in completing the audit. Ms. Sullivan also thanked everyone for another year of an audit with no adjustments. She said that the staff had done an outstanding job throughout the year to make this possible.

Mr. Hirsh asked if there were any additional comments or questions.

Mr. Hirsh stated that the

Hearing none Mr. Hirsh thanked LGC&D and asked for a motion to recommend to the Board acceptance of the 2011 Audited Financial Statements. Upon a motion duly made by Mr. Bennett and seconded by Mr. Gunn it was unanimously

VOTED: to recommend acceptance of the Audited Financial Statements

Upon a motion duly made by Ms. Venturini and seconded by Mr. Butler it was unanimously

VOTED: adjourn at 2:55 p.m.